

TOWNSHIP OF DALTON
MUSKEGON COUNTY, MICHIGAN

FINANCIAL STATEMENTS

MARCH 31, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name DALTON TOWNSHIP	County MUSKEGON
Fiscal Year End 3/31/2007	Opinion Date 9/13/2007	Date Audit Report Submitted to State 9/28/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

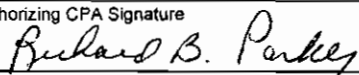
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	LETTER OF COMMENTS AND RECOMMENDATIONS WILL FOLLOW	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) RICHARD B. PARKER, CPA, PC		Telephone Number 231/893-3178	
Street Address 2264 EAST MEINERT		City HOLTON	State MI
Zip 49425			
Authorizing CPA Signature 		Printed Name RICHARD B. PARKER	License Number 10160

DALTON TOWNSHIP MUSKEGON COUNTY
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RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
(251)893-3178

Dalton Township Board
Muskegon County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township, Muskegon County, Michigan, as of and for the year ended March 31, 2007 which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Dalton Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township, as of March 31, 2007 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information as identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dalton Township's basic financial statements. The accompanying supplemental financial information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Dalton Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Richard B. Parker

Certified Public Accountant

September 13, 2007
Holton, Michigan

DALTON TOWNSHIP
Government-Wide Statement of Net Assets
March 31, 2007

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Current Assets -			
Cash and cash equivalents	\$ 515,325	\$ 118,538	\$ 633,863
Investments	186,466	-	186,466
Special assessments receivable	19,438	270,112	289,550
Taxes receivable	54,474	-	54,474
Accounts receivable	117,191	-	117,191
Due from other fund	13,964	-	13,964
Prepaid expenses	43,478	-	43,478
Noncurrent Assets -			
Capital assets, net of accumulated depreciation	<u>1,025,930</u>	<u>2,880,000</u>	<u>3,905,930</u>
TOTAL ASSETS	<u>\$1,976,266</u>	<u>\$3,268,650</u>	<u>\$5,244,916</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities -			
Accounts payable	\$ 20,331	\$ -	\$ 20,331
Due to other fund	400	-	400
Accrued interest payable	-	96,399	96,399
Noncurrent Liabilities -			
Notes payable - due within one year	6,160	-	6,160
Notes payable - due in more than one year	23,672	-	23,672
Bonds payable - due within one year	20,000	-	20,000
Bonds payable - due in more than one year	55,000	2,880,000	2,935,000
Contracts payable - due within one year	13,259	-	13,259
Contracts payable - due in more than one year	<u>27,822</u>	<u>-</u>	<u>27,822</u>
TOTAL LIABILITIES	<u>166,644</u>	<u>2,976,399</u>	<u>3,143,043</u>
Net Assets -			
Invested in capital assets, net of related debt	986,529	-	986,529
Restricted for			
Debt Service	-	292,251	292,251
Fire operating	214,860	-	214,860
Fire equipment	28,124	-	28,124
Building department	27,183	-	27,183
Other purposes	46,797	-	46,797
Unrestricted	<u>506,129</u>	<u>-</u>	<u>506,129</u>
TOTAL NET ASSETS	<u>1,809,622</u>	<u>292,251</u>	<u>2,101,873</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,976,266</u>	<u>\$3,268,650</u>	<u>\$5,244,916</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Government-Wide Statement of Activities
For the Year Ended March 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>
Governmental Activities		
Legislative	\$ 16,850	\$ -
General Government	577,918	76,400
Public safety	518,406	110,844
Public works	134,479	5,500
Recreation and culture	36,704	-
Other functions	183,783	-
Interest on long term debt	<u>9,813</u>	<u>-</u>
Total Governmental Activities	<u>1,477,953</u>	<u>192,744</u>
Business-type activities:		
Water	-	-
Sewer	<u>96,399</u>	<u>-</u>
Total Business-type Activities	<u>96,399</u>	<u>-</u>

General revenues
Property taxes
State Shared revenues
Investment earnings
Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (16,850)	\$ -	\$ (16,850)
(501,518)	-	(501,518)
(407,562)	-	(407,562)
(128,979)	-	(128,979)
(36,704)	-	(36,704)
(183,783)	-	(183,783)
(9,813)	-	(9,813)
<u>(1,285,209)</u>	<u>-</u>	<u>(1,285,209)</u>
-	-	-
<u>-</u>	<u>(96,399)</u>	<u>(96,399)</u>
<u>-</u>	<u>(96,399)</u>	<u>(96,399)</u>
478,493	-	478,493
501,465	-	501,465
40,126	37,203	77,329
<u>159,534</u>	<u>495,712</u>	<u>655,246</u>
<u>1,179,618</u>	<u>532,915</u>	<u>1,712,533</u>
(105,591)	436,516	330,925
<u>1,915,213</u>	<u>-</u>	<u>1,915,213</u>
<u>\$ 1,809,622</u>	<u>\$436,516</u>	<u>\$ 2,246,138</u>

DALTON TOWNSHIP
Balance Sheet
GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$162,885	\$165,877	\$28,124
Investments	186,466	-	-
Special assessments receivable	-	-	-
Taxes receivable	26,541	25,071	-
Accounts receivable	117,191	-	-
Due from other funds	12,284	2,671	-
Prepaid expenses	20,870	22,608	-
	<u>\$526,237</u>	<u>\$216,227</u>	<u>\$28,124</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 10,509	\$ 1,367	\$ -
Due to other funds	9,599	-	-
Deferred revenue	-	-	-
TOTAL LIABILITIES	<u>20,108</u>	<u>1,367</u>	<u>-</u>
 FUND BALANCES:			
Unrestricted	506,129	-	-
Restricted	-	214,860	28,124
TOTAL FUND BALANCE	<u>506,129</u>	<u>214,860</u>	<u>28,124</u>
	<u>\$526,237</u>	<u>\$216,227</u>	<u>\$28,124</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$25,223	\$133,216	\$ 515,325
-	-	186,466
-	70,146	70,146
-	2,862	54,474
-	-	117,191
6,528	-	21,483
-	-	43,478
<u>\$31,751</u>	<u>\$206,224</u>	<u>\$1,008,563</u>

\$ 4,568	\$ 3,887	\$ 20,331
-	-	9,599
-	50,708	50,708
<u>4,568</u>	<u>54,595</u>	<u>80,638</u>

-	-	506,129
<u>27,183</u>	<u>151,629</u>	<u>421,796</u>
<u>27,183</u>	<u>151,629</u>	<u>927,925</u>
<u>\$31,751</u>	<u>\$206,224</u>	<u>\$1,008,563</u>

DALTON TOWNSHIP
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Assets
March 31, 2007

Total Governmental Fund Balances	\$ 927,925
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Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	2,088,396
Governmental accumulated depreciation	(1,062,466)

Long term liabilities are not due and payable in the current period and are not reported in the fund statements. Long term liabilities reported in the Statement of Net Assets that are not reported in the funds balance sheet are:

Notes payable	(29,832)
Bonds payable	(75,000)
Contracts payable	<u>(39,401)</u>

Net Assets of Governmental Activities	<u>\$1,809,622</u>
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DALTON TOWNSHIP
Statement of Revenues and Expenditures and
Changes in Fund Balance
GOVERNMENTAL FUNDS
For the Year Ended March 31, 2007

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
REVENUES:			
Taxes	\$212,595	\$245,505	\$ -
Licenses and permits	1,861	-	-
State grants	501,465	-	-
Charges for services	64,138	35,320	-
Interest earned	22,596	4,924	-
Rent	5,500	-	2,418
Other revenue	<u>113,145</u>	<u>3,410</u>	<u>991</u>
TOTAL REVENUE	<u>921,300</u>	<u>289,159</u>	<u>3,409</u>
EXPENDITURES:			
Legislative	16,850	-	-
General government	544,095	-	-
Public safety	90,023	222,570	-
Public works	92,093	-	-
Recreation and cultural	36,704	-	-
Other functions	183,783	-	-
Capital outlay	4,525	54,344	-
Debt service -			
Principal	-	-	39,793
Interest and fiscal changes	<u>-</u>	<u>-</u>	<u>2,651</u>
TOTAL EXPENDITURES	<u>968,073</u>	<u>276,914</u>	<u>42,444</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(46,773)</u>	<u>12,245</u>	<u>(39,035)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	1,597	-	-
Transfers to other funds	<u>(7,000)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,403)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(52,176)	12,245	(39,035)
FUND BALANCE - APRIL 1, 2006	<u>558,305</u>	<u>202,615</u>	<u>67,159</u>
FUND BALANCE - MARCH 31, 2007	<u>\$506,129</u>	<u>\$214,860</u>	<u>\$28,124</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$ -	\$ 20,393	\$ 478,493
75,524	-	77,385
-	-	501,465
-	10,401	109,859
877	9,311	40,126
-	-	5,500
<u>1,017</u>	<u>40,971</u>	<u>159,534</u>
<u>77,418</u>	<u>81,076</u>	<u>1,372,362</u>
-	-	16,850
-	11,409	555,504
83,382	-	395,975
-	26,057	118,150
-	-	36,704
-	-	183,783
-	-	58,869
-	30,025	69,818
<u>-</u>	<u>7,162</u>	<u>9,813</u>
<u>83,382</u>	<u>74,653</u>	<u>1,445,466</u>
<u>(5,964)</u>	<u>6,423</u>	<u>(73,104)</u>
-	7,000	8,597
<u>-</u>	<u>(1,597)</u>	<u>(8,597)</u>
<u>-</u>	<u>5,403</u>	<u>-</u>
(5,964)	11,826	(73,104)
<u>33,147</u>	<u>139,803</u>	<u>1,001,029</u>
<u>\$27,183</u>	<u>\$151,629</u>	<u>\$ 927,925</u>

DALTON TOWNSHIP
Reconciliation of Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended March 31, 2007

Net change in Fund balances - Total Governmental Funds	\$(73,104)
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Amounts reported for governmental activities are
different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	(102,305)
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Repayments of long term debt principal is an expenditure in the governmental funds, but not in the Statement of Activities	<u>69,818</u>
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Change in Net Assets of Governmental Activities	<u><u>\$(105,591)</u></u>
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DALTON TOWNSHIP
Statement of Net Assets
PROPRIETARY FUNDS
March 31, 2007

	Business-type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash	\$ 85,380	\$ 118,538	\$ 203,918
Special assessments receivable (net of deferred revenue)	<u>58,885</u>	<u>270,112</u>	<u>328,997</u>
Total Current Assets	<u>144,265</u>	<u>388,650</u>	<u>532,915</u>
Noncurrent Assets:			
Construction in progress	<u>-</u>	<u>2,880,000</u>	<u>2,880,000</u>
TOTAL ASSETS	<u>144,265</u>	<u>3,268,650</u>	<u>3,412,915</u>
LIABILITIES			
Current Liabilities:			
Accrued interest payable	-	96,399	96,399
Bonds payable - current portion	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>-</u>	<u>96,399</u>	<u>96,399</u>
Noncurrent Liabilities:			
Bonds payable	<u>-</u>	<u>2,880,000</u>	<u>2,880,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>2,976,399</u>	<u>2,976,399</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	-	-
Restricted for debt service	<u>144,265</u>	<u>292,251</u>	<u>436,516</u>
TOTAL NET ASSETS	<u>\$144,265</u>	<u>\$ 292,251</u>	<u>\$ 436,516</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Statement of Revenues, Expenses, and Changes in Net Assets
PROPRIETARY FUNDS
For the Year Ended March 31, 2007

	Business-type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenues	\$ -	\$ -	\$ -
Operating expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating revenues (expenses)			
Special assessments levied	140,584	355,128	495,712
Interest on special assessments	3,681	33,522	37,203
Interest expense	<u>-</u>	<u>(96,399)</u>	<u>(96,399)</u>
Total nonoperating revenue (expenses)	<u>144,265</u>	<u>292,251</u>	<u>436,516</u>
Change in Net Assets	144,265	292,251	436,516
Total net assets - April 1, 2006	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets - March 31, 2007	<u><u>\$144,265</u></u>	<u><u>\$292,251</u></u>	<u><u>\$436,516</u></u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Statement of Cash Flows
PROPRIETARY FUNDS
For the Year Ended March 31, 2007

	Business-type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ -	\$ -	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	-	2,880,000	\$ 2,880,000
Purchases of capital assets	-	(2,880,000)	(2,880,000)
Net cash provided (used) by capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts on special assessments	81,699	85,016	166,715
Interest on special assessments	<u>3,681</u>	<u>33,522</u>	<u>37,203</u>
Net cash provided by investing activities	<u>85,380</u>	<u>118,538</u>	<u>203,918</u>
Net increase in cash	85,380	118,538	203,918
CASH - APRIL 1, 2006	-	-	-
CASH- MARCH 31, 2007	<u>\$85,380</u>	<u>\$ 118,538</u>	<u>\$ 203,918</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP
Statement of Net Assets
FIDUCIARY FUNDS
March 31, 2007

ASSETS

Cash	\$14,280
Due from other funds	<u>400</u>
	<u>\$14,680</u>

LIABILITIES

Accounts payable	\$ 1,761
Due to other funds	12,284
Due to other governments	<u>635</u>
	<u>\$14,680</u>

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the township:

Reporting Entity

Dalton Township is located in Muskegon County and provides services to its residents in many areas including public safety, highways and streets, general administrative services, fire protection, and community enrichment and development. The township is a general law township, and is governed by a 7 member board elected by the citizens of Dalton Township. The board consists of the supervisor, clerk, treasurer and four trustees whom reside in the township.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net assets and the Statement of Changes in Net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as needed.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Operating Fund accounts for the millage revenue that is reserved for the operation of the fire department.

Fire Equipment fund accounts for the millage revenue that is reserved for the purchase of fire equipment.

Building Department fund (State Construction Code) accounts for revenue that is reserved for the enforcement of the building code.

The township reports the following major proprietary funds:

The Sewer Fund accounts for the activities of the sewage collection system.

The Water Fund accounts for the activities of the water distribution system.

Additionally, the township reports the following fund types:

Agency Funds - These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognizes the portion of tap fees intended to recover current costs. (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business - type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	15 to 25 years
Vehicles	3 to 15 years
Equipment	3 to 10 years

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. There were no amendments to the original budget during the year ended March 31, 2005.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Page 6

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

Excess of Expenditures Over Appropriation in Budgeted Funds (continued)

During the year, the township incurred expenditures in certain budgetary fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Budget</u>	<u>Excess Actual</u>	<u>Expenditures</u>
General -			
Clerk	\$67,421	\$69,319	\$1,898
Roads	50,200	51,656	1,456

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At the year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$515,325	\$118,538	\$14,280	\$648,143
Investments	<u>186,466</u>	<u>-</u>	<u>-</u>	<u>186,466</u>
Total	<u>\$701,791</u>	<u>\$118,538</u>	<u>\$14,280</u>	<u>\$834,609</u>

The breakdown between deposits and investments is as follows:

Bank deposits (Checking Accounts)	\$648,043
Investments in Money Market and Government Operating Money Market	186,466
Petty Cash and Cash on Hand	<u>100</u>
	<u>\$834,609</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

The bank balance of the Township's deposits is \$755,667, of which \$100,000 is covered by Federal depository insurance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the township or its agent in the township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year-end, the township's investment balances were categorized as follows:

	<u>Reported Amount (Fair Value)</u>
Investment Not Subject to Categorization	
Government Operating MM	<u>\$186,466</u>

The township has investments with Comerica Bank. The nature of money market and government operating money market accounts does not allow for risk-categorization, which is in accordance with GASB Statement No. 3. The risk and nonrisk-categorized investments are carried at cost, which is also the market value.

NOTE 4 - PROPERTY TAXES

Property taxes are levied on each December 1st on the taxable valuation of property located in the township as of the preceding December 31st. The township property taxes were levied and collectible on December 1, 2006. It is the policy of the township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2006 taxable valuation of the township amounted to \$207,088,696 on which ad valorem taxes of 1.0364 mills were levied for township operating purposes, 1.1959 mills for fire operations resulting in property tax revenue of \$212,595 and \$245,505 respectively, during the fiscal year ended March 31, 2007. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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NOTE 5 - RECEIVABLES

Special Assessments Receivable - Governmental Funds

The township collects special assessments in the Debt Service Funds to collect for expenses incurred by the township for road improvements and sewer system. The special assessments are billed on the township's tax bills. As of March 31, 2007 the Debt Service Fund had special assessments receivable of \$70,146.

Special assessments receivable as of March 31, 2007 are as follows:

Dalson Road	\$ 1,292
Strand Road	37,262
Williamson Sewer	<u>31,592</u>
	<u>\$70,146</u>

Special Assessments Receivable - Enterprise Funds

The township collects special assessments in the Enterprise Funds to collect for expenses incurred by the township for the water distribution system and the sewage collection system. The special assessments are billed on the township's tax bills. As of March 31, 2007 the Enterprise Funds had special assessments receivable of \$2,951,008.

River Road - sewer	\$ 342,500
Whitehall Road - sewer	2,245,639
Hamilton/Blair - water	<u>362,869</u>
	<u>\$2,951,008</u>

Accounts Receivable

Receivables as of year-end for the township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	<u>General Fund</u>
State Shared Revenue	\$ 80,242
Refunds and reimbursements	36,949
Less: Allowance for uncollectibles	<u>-</u>
Net receivables	<u>\$117,191</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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NOTE 6 - CAPITAL ASSETS

Capital asset activity of the township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 98,000	\$ -	\$ -	\$ 98,000
Subtotal	<u>98,000</u>	<u>-</u>	<u>-</u>	<u>98,000</u>
Capital assets Being Depreciated				
Land improvements	\$ 9,765	\$ -	\$ -	\$ 9,765
Buildings and building improvements	1,145,916	-	-	1,145,916
Equipment	96,874	-	-	96,874
Vehicles	<u>710,062</u>	<u>27,779</u>	<u>-</u>	<u>737,841</u>
Subtotal	<u>1,962,617</u>	<u>27,779</u>	<u>-</u>	<u>1,990,396</u>
Less Accumulated Depreciation for				
Land improvements	3,907	977	-	4,884
Buildings	555,673	46,621	-	602,294
Equipment	53,853	17,096	-	70,949
Vehicles	<u>318,949</u>	<u>65,390</u>	<u>-</u>	<u>384,339</u>
Subtotal	<u>932,382</u>	<u>130,084</u>	<u>-</u>	<u>1,062,466</u>
Net Capital Assets Being Depreciated	<u>1,030,235</u>	<u>(102,305)</u>	<u>-</u>	<u>927,930</u>
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$1,128,235</u>	<u>\$(102,305)</u>	<u>\$ -</u>	<u>\$1,025,930</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 17,169
Public safety	96,586
Public works	<u>16,329</u>
Total Governmental Activities	<u>\$130,084</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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NOTE 6 - CAPITAL ASSETS (continued)

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Construction in progress	\$ -	\$2,880,000	\$ -	\$2,880,000
Total capital assets, not being depreciated	<u>\$ -</u>	<u>\$2,880,000</u>	<u>\$ -</u>	<u>\$2,880,000</u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$12,284	Trust and Agency Tax Collection	\$ 5,396 6,888
Subtotal	<u>\$12,284</u>	Subtotal	<u>12,284</u>
Fire Operating	2,671	General Fund	<u>9,599</u>
Building Department	6,528		
Trust and Agency	<u>400</u>		
Subtotal	<u>9,599</u>	Subtotal	<u>9,599</u>
TOTAL	<u>\$21,883</u>	TOTAL	<u>\$21,883</u>

The operating transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$1,597	\$7,000
Cemetery	4,000	-
Middle Lake Weed	1,000	-
North Lake Weed	1,000	1,500
West Lake Weed	1,000	-
Central Fire Station	<u>-</u>	<u>97</u>
TOTAL	<u>\$8,597</u>	<u>\$8,597</u>

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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NOTE 8 - CHANGES IN LONG TERM DEBT:

The following is a summary of long term debt transactions of the Township for the year ended March 31, 2007:

	<u>Special Assessment Bonds Strand Road</u>	<u>Business-type Activities Sewer</u>
Balance - April 1, 2006	\$ 90,000	\$ -
Bonds issued	-	2,880,000
Payments	<u>(15,000)</u>	<u>-</u>
Balance - March 31, 2007	<u>\$ 75,000</u>	<u>\$2,880,000</u>

	<u>Contract Payable</u>	<u>Contract Payable</u>	<u>Note Payable</u>
Balance - April 1, 2006	\$53,830	\$ 27,173	\$43,120
Payments	<u>(12,749)</u>	<u>(27,173)</u>	<u>(13,288)</u>
Balance - March 31, 2007	<u>\$41,081</u>	<u>\$ -</u>	<u>\$29,832</u>

Long term debt at March 31, 2007 is comprised of the following:

Contracts Payable:

On June 2, 2003 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$90,000 for the purchase of a mini pumper for the Fire Department at a total cost of \$140,865. This installment purchase agreement is payable in fourteen semi-annual installments of \$7,385.59, including interest at 4% per annum. The first installment was due September 30, 2003. The final installment is due March 30, 2010. The balance at March 31, 2007 is \$41,081.

On July 22, 1999 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$316,703 for the purchase of a new pumper fire truck and a new rescue truck. This installment purchase agreement is payable in fourteen semi-annual installments of \$27,103.72, including interest at the rate of 4.75% per annum. The first installment was due March 31, 2001. The final installment was due September 30, 2006. The balance at March 31, 2007 is \$-0-.

DALTON TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

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NOTE 8 - CHANGES IN LONG TERM DEBT (CONTINUED)

Note Payable:

On September 3, 2002 the Township entered into an agreement with the County of Muskegon, Michigan in the amount of \$61,600 for the construction of the Williamson Road sewer project. The note is payable over ten years with a final due date of November 1, 2012. The Township agrees to repay the County by annually remitting collections received from the Williamson Road special assessment roll (including interest) beginning March 1, 2003 and every year thereafter until fully paid. The repayment schedule includes the interest charged on the special assessment roll of 5% per annum. The balance at March 31, 2007 is \$29,832.

Bonds:

Special Assessment Bonds - Strand Road:

\$170,000, 2001 special assessment bonds due in annual installments of \$5,000 to \$20,000 through March 1, 2011; interest of 5.1% to 7.00%	<u>\$ 75,000</u>
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Business-type activities:

General Obligation Bond:

\$2,880,000 Muskegon County Wastewater Management - Number One Bonds - Series 2006, issued July 6, 2006, due in annual installments of \$52,178 to \$182,624 (Dalton Township share) through November, 2036 plus interest at rates varying from \$4.25% to 5% per annum.	<u>\$2,880,000</u>
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The annual requirement to amortize all outstanding debt, including interest, at March 31, 2007 are as follows:

Year Ended March 31,	Governmental Activities			Business-type Activities
	Contracts Payable	Note Payable	Special Assessment Bonds	Sewer
			Strand Road	
2008	\$14,771	\$ 7,700	\$23,805	\$ 174,281
2009	14,771	7,392	22,785	130,711
2010	14,771	7,084	16,765	183,889
2011	-	6,750	21,000	183,728
2012	-	6,494	-	4,842,006
	<u>\$44,313</u>	<u>\$35,420</u>	<u>\$84,355</u>	<u>\$5,514,615</u>

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 - CONTINGENT LIABILITIES

The township is involved in a dispute with the County of Muskegon concerning the payment of sewer access right fees originating in 1981. The amount of liability, if any, can not be determined at this time although the Township believes such amount, if any, to be immaterial.

On December 13, 1982, Dalton Township and two other townships, entered into an agreement with the County of Muskegon for the construction of a water supply system. Construction of the system was financed by the issue of \$1,100,000, County of Muskegon bonds, which principal and interest to be paid by a "Pooled Account", maintained by the County, through the collection of individual user charges and/or an ad valorem tax levy in the event of insufficient user charges. The bonds are contractually secured primarily by the full faith and credit of the townships, based on a pro-rata allocation and secondarily by the full faith and credit of the County. The township's pro-rata share of the full faith and credit security is 11.72%. The township anticipates the user charges will be sufficient to repay the debt obligation.

On May 7, 1984 Dalton Township entered into an agreement with Muskegon Township to provide sanitary sewer services to certain residents of Dalton Township residing near the Muskegon Township sanitary sewer extension. Dalton Township has agreed to collect any direct or indirect connection charges for which Muskegon Township will pay to Dalton Township 5% of such charges.

Dalton Township has further agreed to be responsible to Muskegon Township for payment of the connection charges and user fees whether collected or not.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

Effective May 4, 1998, in addition to pension benefits described in Note 13, the Township provides post-employment benefits for health insurance. The Township will fund the benefit on a pay-as-you-go basis. Eligible employees will be required to pay a portion of the cost with the Township subsidizing the remaining costs.

During the current year one retiree participated for the year at a cost of approximately \$1,600.

NOTE 12 - RETIREMENT PLAN

The township's retirement plan is administered by Paine Webber, Incorporated. It is a defined contribution retirement plan which provides retirement benefits for elected officials and full time employees. The township contributed an amount equal to 11% of the employees gross salaries. The amount contributed for the year ended March 31, 2007 was approximately \$30,000. Total township payroll for the year was approximately \$420,000 including approximately \$273,000 payroll covered by the plan. Employees become 100% vested in the township's contributions after six months of service.

NOTE 13 - DEFERRED COMPENSATION PLAN

The township offers all employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in a group annuity contract as described in IRC Section 457 (g) for the exclusive benefit of the employees and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

NOTE 14 - STATE CONSTRUCTION CODE ACT

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

Fees collected	\$ 75,524
Wages, professional fees and other expenses	<u>(83,382)</u>
Excess (Deficiency) of fees collected over costs	<u><u>\$(7,858)</u></u>

NOTE 15 - ECONOMIC DEPENDENCY

State of Michigan shared revenues represent approximately 54% of General Fund revenues.

REQUIRED SUPPLEMENTAL INFORMATION

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Taxes	\$ 214,500	\$212,595	\$ (1,905)
Licenses and permits	1,825	1,861	36
State grants	514,500	501,465	(13,035)
Charges for services	32,500	64,138	31,638
Interest earned	14,000	22,596	8,596
Rent	6,000	5,500	(500)
Other revenue	<u>131,350</u>	<u>113,145</u>	<u>(18,205)</u>
TOTAL REVENUE	<u>914,675</u>	<u>921,300</u>	<u>6,625</u>
EXPENDITURES:			
Legislative	18,590	16,850	1,740
General government	644,432	544,095	100,337
Public safety	116,080	90,023	26,057
Public works	105,300	92,093	13,207
Recreation and cultural	58,650	36,704	21,946
Other functions	183,100	183,783	(683)
Capital outlay	<u>70,600</u>	<u>4,525</u>	<u>66,075</u>
TOTAL EXPENDITURES	<u>1,196,752</u>	<u>968,073</u>	<u>228,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(282,077)</u>	<u>(46,773)</u>	<u>235,304</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	1,597	1,597
Transfer to other funds	<u>(14,500)</u>	<u>(7,000)</u>	<u>7,500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,500)</u>	<u>(5,403)</u>	<u>9,097</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(296,577)	(52,176)	244,401
FUND BALANCE - APRIL 1, 2006	<u>558,305</u>	<u>558,305</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ 261,728</u>	<u>\$506,129</u>	<u>\$244,401</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE OPERATING FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$241,544	\$245,505	\$ 3,961
Charges for services	33,945	35,320	1,375
Interest earned	1,200	4,924	3,724
Other revenue	<u>12,050</u>	<u>3,410</u>	<u>(8,640)</u>
TOTAL REVENUES	<u>288,739</u>	<u>289,159</u>	<u>420</u>
EXPENDITURES:			
Salaries and wages	106,700	106,399	301
Pension	4,851	5,075	(224)
Employee benefits	14,500	16,249	(1,749)
Payroll taxes	14,000	8,078	5,922
Operating supplies	10,250	8,384	1,866
Repairs and maintenance	9,250	10,445	(1,195)
Utilities	14,000	13,832	168
Transportation	7,500	8,573	(1,073)
Communications	8,500	8,062	438
Training	2,000	485	1,515
Contracted services	5,500	5,134	366
Capital outlay	51,500	54,344	(2,844)
Insurance	35,000	27,700	7,300
Miscellaneous	<u>5,000</u>	<u>4,154</u>	<u>846</u>
TOTAL EXPENDITURES	<u>288,551</u>	<u>276,914</u>	<u>11,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	188	12,245	12,057
FUND BALANCE - APRIL 1, 2006	<u>202,615</u>	<u>202,615</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$202,803</u>	<u>\$214,860</u>	<u>\$12,057</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
FIRE EQUIPMENT FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Property taxes	\$93,000	\$ -	\$(93,000)
Interest earned	300	2,418	2,118
Miscellaneous	<u>-</u>	<u>991</u>	<u>991</u>
	<u>93,300</u>	<u>3,409</u>	<u>(89,891)</u>
EXPENDITURES:			
Debt service -			
Principal		39,793	
Interest	<u>-</u>	<u>2,651</u>	<u>-</u>
TOTAL EXPENDITURES	<u>69,000</u>	<u>42,444</u>	<u>26,556</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	24,300	(39,035)	(63,335)
FUND BALANCE - APRIL 1, 2006	<u>67,159</u>	<u>67,159</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$91,459</u>	<u>\$28,124</u>	<u>\$(63,335)</u>

DALTON TOWNSHIP
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUILDING DEPARTMENT FUND - MAJOR SPECIAL REVENUE FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Permits	\$100,000	\$75,524	\$(24,476)
Interest earned	-	877	877
Miscellaneous	<u>500</u>	<u>1,017</u>	<u>517</u>
TOTAL REVENUES	<u>100,500</u>	<u>77,418</u>	<u>(23,082)</u>
EXPENDITURES:			
Contracted services	95,000	68,258	26,742
Operating supplies	3,000	5,468	(2,468)
Training	1,000	3,163	(2,163)
Miscellaneous	<u>900</u>	<u>6,493</u>	<u>(5,593)</u>
TOTAL EXPENDITURES	<u>99,900</u>	<u>83,382</u>	<u>16,518</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	600	(5,964)	(6,564)
FUND BALANCE - APRIL 1, 2006	<u>33,147</u>	<u>33,147</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ 33,747</u>	<u>\$27,183</u>	<u>\$(6,564)</u>

ADDITIONAL INFORMATION

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES -			
TAXES:			
Property taxes	<u>\$214,500</u>	<u>\$212,595</u>	<u>\$(1,905)</u>
LICENSES AND PERMITS	<u>1,825</u>	<u>1,861</u>	<u>36</u>
STATE GRANTS:			
State shared revenue	<u>514,500</u>	<u>501,465</u>	<u>(13,035)</u>
CHARGES FOR SERVICES:			
Administration fees	32,000	48,798	16,798
Miscellaneous	<u>500</u>	<u>15,340</u>	<u>14,840</u>
	<u>32,500</u>	<u>64,138</u>	<u>31,638</u>
INTEREST EARNED	<u>14,000</u>	<u>22,596</u>	<u>8,596</u>
RENTAL INCOME	<u>6,000</u>	<u>5,500</u>	<u>(500)</u>
OTHER REVENUE:			
Transfer station fees	22,000	21,896	(104)
Sale of equipment	500	3,655	3,155
Refunds and reimbursements	75,000	40,059	(34,941)
Zoning and variance fees	9,000	9,187	187
Miscellaneous	<u>24,850</u>	<u>38,348</u>	<u>13,498</u>
	<u>131,350</u>	<u>113,145</u>	<u>(18,205)</u>
TOTAL REVENUES	<u>914,675</u>	<u>921,300</u>	<u>6,625</u>
EXPENDITURES -			
LEGISLATIVE:			
Salaries and wages	12,590	12,584	6
Pension	2,000	1,384	616
Transportation	2,000	1,475	525
Miscellaneous	<u>2,000</u>	<u>1,407</u>	<u>593</u>
TOTAL LEGISLATIVE	<u>18,590</u>	<u>16,850</u>	<u>1,740</u>
GENERAL GOVERNMENT:			
SUPERVISOR -			
Salaries and wages	42,490	42,490	-
Pension	4,000	4,030	(30)
Transportation	1,500	1,741	(241)
Miscellaneous	<u>1,200</u>	<u>121</u>	<u>1,079</u>
	<u>49,190</u>	<u>48,382</u>	<u>808</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

Page 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
ELECTIONS:			
Salaries and wages	\$ 18,000	\$ 21,431	\$(3,431)
Operating supplies	10,000	5,119	4,881
Miscellaneous	<u>2,000</u>	<u>-</u>	<u>2,000</u>
	<u>30,000</u>	<u>26,550</u>	<u>3,450</u>
ASSESSOR:			
Contracted services	40,900	41,812	(912)
Salaries and wages	19,500	18,522	978
Pension	2,000	2,037	(37)
Operating supplies	3,000	2,996	4
Miscellaneous	<u>500</u>	<u>462</u>	<u>38</u>
	<u>65,900</u>	<u>65,829</u>	<u>71</u>
CLERK:			
Salaries and wages	56,721	58,268	(1,547)
Pension	7,000	6,355	645
Transportation	700	1,450	(750)
Miscellaneous	<u>3,000</u>	<u>3,246</u>	<u>(246)</u>
	<u>67,421</u>	<u>69,319</u>	<u>(1,898)</u>
BOARD OF REVIEW:			
Salaries and wages	1,800	825	975
Miscellaneous	<u>50</u>	<u>90</u>	<u>(40)</u>
	<u>1,850</u>	<u>915</u>	<u>935</u>
TREASURER:			
Salaries and wages	63,221	58,018	5,203
Pension	6,000	6,312	(312)
Supplies	6,000	5,981	19
Transportation	600	667	(67)
Miscellaneous	<u>1,000</u>	<u>200</u>	<u>800</u>
	<u>76,821</u>	<u>71,178</u>	<u>5,643</u>
BUILDING AND GROUNDS:			
Salaries and wages	93,000	80,166	12,834
Pension	6,000	6,723	(723)
Utilities	5,000	5,676	(676)
Operating supplies	1,500	1,184	316
Repairs and maintenance	7,550	5,681	1,869
Transportation	3,800	3,284	516
Miscellaneous	<u>1,000</u>	<u>2,665</u>	<u>(1,665)</u>
	<u>117,850</u>	<u>105,379</u>	<u>12,471</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes In Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

Page 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) - GENERAL GOVERNMENT (CONTINUED):			
GENERAL ADMINISTRATION:			
Professional services	\$120,000	\$ 46,482	\$ 73,518
Salaries and wages	19,000	19,556	(556)
Supplies	36,900	31,812	5,088
Repairs and maintenance	14,200	6,565	7,635
Contracted services	4,400	2,327	2,073
Utilities	14,000	16,638	(2,638)
Memberships and dues	10,000	14,067	(4,067)
Printing and Publishing	13,900	15,766	(1,866)
Miscellaneous	<u>3,000</u>	<u>3,330</u>	<u>(330)</u>
	<u>235,400</u>	<u>156,543</u>	<u>78,857</u>
TOTAL GENERAL GOVERNMENT	<u>644,432</u>	<u>544,095</u>	<u>100,337</u>
PUBLIC SAFETY:			
LAW ENFORCEMENT	<u>55,780</u>	<u>43,440</u>	<u>12,340</u>
FIRE DEPARTMENT:			
Hydrant rental	<u>18,000</u>	<u>4,700</u>	<u>13,300</u>
PLANNING COMMISSION:			
Salaries and wages	5,000	4,940	60
Supplies	100	-	100
Miscellaneous	<u>100</u>	<u>81</u>	<u>19</u>
	<u>5,200</u>	<u>5,021</u>	<u>179</u>
ZONING/ORDINANCE:			
Salaries and wages	35,500	35,896	(396)
Supplies	100	94	6
Transportation	1,200	837	363
Miscellaneous	<u>300</u>	<u>35</u>	<u>265</u>
	<u>37,100</u>	<u>36,862</u>	<u>238</u>
TOTAL PUBLIC SAFETY	<u>116,080</u>	<u>90,023</u>	<u>26,057</u>

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
PUBLIC WORKS:			
SANITARY LANDFILL:			
Contracted services	\$ 42,000	\$ 34,322	\$ 7,678
ROADS	50,200	51,656	(1,456)
DRAINS	500	848	(348)
SEWAGE DISPOSAL:			
Access fees	3,000	2,917	83
OTHER	9,600	2,350	7,250
TOTAL PUBLIC WORKS	105,300	92,093	13,207
RECREATION AND CULTURAL:			
PARKS -			
Repairs	9,600	8,646	954
Utilities	1,500	1,050	450
Recreational activities	26,050	14,696	11,354
Miscellaneous	1,000	1,705	(705)
	38,150	26,097	12,053
LIBRARY	20,500	10,607	9,893
TOTAL RECREATION AND CULTURAL	58,650	36,704	21,946
OTHER FUNCTIONS:			
Refunds	12,000	15,460	(3,460)
Employee insurance benefits	117,200	114,994	2,206
Insurance and bonds	29,500	32,362	(2,862)
Payroll taxes	20,100	20,957	(857)
Miscellaneous	4,300	10	4,290
TOTAL OTHER FUNCTIONS	183,100	183,783	(683)
CAPITAL OUTLAY	70,600	4,525	66,075
TOTAL EXPENDITURES	1,196,752	968,073	228,679

DALTON TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
GENERAL FUND
For the Year Ended March 31, 2007

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	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$(282,077)</u>	<u>\$(46,773)</u>	<u>\$235,304</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	<u>-</u>	<u>1,597</u>	<u>1,597</u>
Transfer to other funds	<u>(14,500)</u>	<u>(7,000)</u>	<u>7,500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,500)</u>	<u>(5,403)</u>	<u>9,097</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(296,577)</u>	<u>(52,176)</u>	<u>244,401</u>
FUND BALANCE - APRIL 1, 2006	<u>558,305</u>	<u>558,305</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ 261,728</u>	<u>\$506,129</u>	<u>\$244,401</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS
March 31, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>TOTAL Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$107,480	\$25,736	\$133,216
Taxes receivable	2,862	-	2,862
Special assessments receivable	<u>-</u>	<u>70,146</u>	<u>70,146</u>
	<u>\$110,342</u>	<u>\$95,882</u>	<u>\$206,224</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$ -	\$ 3,887	\$ 3,887
Deferred revenue	-	50,708	50,708
Fund balance	<u>110,342</u>	<u>41,287</u>	<u>151,629</u>
	<u>\$110,342</u>	<u>\$95,882</u>	<u>\$206,224</u>

DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended March 31, 2007

	Special Revenue	Debt Service	TOTAL Nonmajor Governmental Funds
REVENUES:			
Property taxes	\$ 20,393	\$ -	\$ 20,393
Special assessment levied	15,009	16,349	31,358
Charges for services	10,401	-	10,401
Interest earned	2,780	6,531	9,311
Other revenue	<u>9,555</u>	<u>58</u>	<u>9,613</u>
TOTAL REVENUES	<u>58,138</u>	<u>22,938</u>	<u>81,076</u>
EXPENDITURES:			
General government	11,409	-	11,409
Public works	26,057	-	26,057
Debt service	<u>-</u>	<u>37,187</u>	<u>37,187</u>
TOTAL EXPENDITURES	<u>37,466</u>	<u>37,187</u>	<u>74,653</u>
	<u>20,672</u>	<u>(14,249)</u>	<u>6,423</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	7,000	-	7,000
Transfer to other fund	<u>(1,500)</u>	<u>(97)</u>	<u>(1,597)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,500</u>	<u>(97)</u>	<u>5,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,172	(14,346)	11,826
FUND BALANCE - APRIL 1, 2006	<u>84,170</u>	<u>55,633</u>	<u>139,803</u>
FUND BALANCE - MARCH 31, 2007	<u>\$110,342</u>	<u>\$41,287</u>	<u>\$151,629</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE
March 31, 2007

	<u>Cemetery</u>	<u>Street Lighting</u>	<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$3,197	\$64,990	\$15,263	\$6,502
Taxes receivable	<u>-</u>	<u>2,862</u>	<u>-</u>	<u>-</u>
	<u>\$3,197</u>	<u>\$67,852</u>	<u>\$15,263</u>	<u>\$6,502</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Fund balance	<u>\$3,197</u>	<u>\$67,852</u>	<u>\$15,263</u>	<u>\$6,502</u>
	<u>\$3,197</u>	<u>\$67,852</u>	<u>\$15,263</u>	<u>\$6,502</u>

<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
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\$10,630	\$6,898	\$107,480
<u>-</u>	<u>-</u>	<u>2,862</u>

<u>\$10,630</u>	<u>\$6,898</u>	<u>\$110,342</u>
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<u>\$10,630</u>	<u>\$6,898</u>	<u>\$110,342</u>
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<u>\$10,630</u>	<u>\$6,898</u>	<u>\$110,342</u>
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DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
For the Year Ended March 31, 2007

	<u>Cemetery</u>	<u>Street Lighting</u>
REVENUES:		
Property taxes	\$ -	\$20,393
Special assessments levied	-	-
Charges for services	10,401	-
Interest earned	36	1,886
Miscellaneous	<u>-</u>	<u>9,555</u>
TOTAL REVENUES	<u>10,437</u>	<u>31,834</u>
EXPENDITURES:		
General government	11,409	-
Public works	<u>-</u>	<u>17,409</u>
TOTAL EXPENDITURES	<u>11,409</u>	<u>17,409</u>
	<u>(972)</u>	<u>14,425</u>
OTHER FINANCING SOURCES (USES):		
Transfer from other fund	4,000	-
Transfer to other fund	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>4,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,028	14,425
FUND BALANCE - APRIL 1, 2006	<u>169</u>	<u>53,427</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ 3,197</u>	<u>\$67,852</u>

<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>	<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 20,393
-	-	8,779	6,230	15,009
-	-	-	-	10,401
445	223	103	87	2,780
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,555</u>
<u>445</u>	<u>223</u>	<u>8,882</u>	<u>6,317</u>	<u>58,138</u>
-	-	-	-	11,409
<u>-</u>	<u>561</u>	<u>5,167</u>	<u>2,920</u>	<u>26,057</u>
<u>-</u>	<u>561</u>	<u>5,167</u>	<u>2,920</u>	<u>37,466</u>
<u>445</u>	<u>(338)</u>	<u>3,715</u>	<u>3,397</u>	<u>20,672</u>
-	1,000	1,000	1,000	7,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>(500)</u>	<u>5,500</u>
445	662	4,715	2,897	26,172
<u>14,818</u>	<u>5,840</u>	<u>5,915</u>	<u>4,001</u>	<u>84,170</u>
<u>\$15,263</u>	<u>\$6,502</u>	<u>\$10,630</u>	<u>\$6,898</u>	<u>\$110,342</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
CEMETERY FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of lots	\$ 3,500	\$ 6,951	\$ 3,451
Grave openings	5,000	3,450	(1,550)
Interest	<u>5</u>	<u>36</u>	<u>31</u>
TOTAL REVENUES	<u>8,505</u>	<u>10,437</u>	<u>1,932</u>
EXPENDITURES:			
Contracted services	6,000	6,115	(115)
Operating supplies	200	101	99
Utilities	700	592	108
Repairs and maintenance	300	84	216
Capital outlay	10,500	3,478	7,022
Miscellaneous	<u>1,300</u>	<u>1,039</u>	<u>261</u>
TOTAL EXPENDITURES	<u>19,000</u>	<u>11,409</u>	<u>7,591</u>
	(10,495)	(972)	9,523
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>10,500</u>	<u>4,000</u>	<u>(6,500)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	5	3,028	3,023
FUND BALANCE - APRIL 1, 2006	<u>169</u>	<u>169</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ 174</u>	<u>\$ 3,197</u>	<u>\$ 3,023</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
STREET LIGHTING FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$20,000	\$20,393	\$ 393
Interest earned	350	1,886	1,536
Miscellaneous	<u>-</u>	<u>9,555</u>	<u>9,555</u>
TOTAL REVENUES	20,350	31,834	11,484
EXPENDITURES:			
Utilities	<u>17,000</u>	<u>17,409</u>	<u>(409)</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,350	14,425	11,075
FUND BALANCE - APRIL 1, 2006	<u>53,427</u>	<u>53,427</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$56,777</u>	<u>\$67,852</u>	<u>\$11,075</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
GYPSY MOTH SUPPRESSION FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest	<u>\$ -</u>	<u>\$ 445</u>	<u>\$445</u>
TOTAL REVENUES	-	445	445
EXPENDITURES:			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	445	445
FUND BALANCE - APRIL 1, 2006	<u>14,818</u>	<u>14,818</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$14,818</u>	<u>\$15,263</u>	<u>\$445</u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
MIDDLE LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest	\$ 120	\$ 223	\$103
TOTAL REVENUES	<u>120</u>	<u>223</u>	<u>103</u>
EXPENDITURES:			
Weed spraying	<u>600</u>	<u>561</u>	<u>39</u>
TOTAL EXPENDITURES	<u>600</u>	<u>561</u>	<u>39</u>
	(480)	(338)	142
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	520	662	142
FUND BALANCE - APRIL 1, 2006	<u>5,840</u>	<u>5,840</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$6,360</u>	<u>\$6,502</u>	<u>\$142</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
WEST LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2007

	Budget	Actual	Variance - favorable (unfavorable)
REVENUES:			
Special assessments levied	\$8,700	\$ 8,779	\$ 79
Interest	<u>120</u>	<u>103</u>	<u>(17)</u>
TOTAL REVENUES	<u>8,820</u>	<u>8,882</u>	<u>62</u>
 EXPENDITURES:			
Weed spraying	<u>6,000</u>	<u>5,167</u>	<u>833</u>
TOTAL EXPENDITURES	<u>6,000</u>	<u>5,167</u>	<u>833</u>
	2,820	3,715	895
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,820	4,715	895
 FUND BALANCE - APRIL 1, 2006	<u>5,915</u>	<u>5,915</u>	<u>-</u>
 FUND BALANCE - MARCH 31, 2007	<u>\$9,735</u>	<u>\$10,630</u>	<u>\$895</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
NORTH LAKE WEED ERADICATION FUND
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Special assessments levied	\$6,600	\$6,230	\$ (370)
Interest	<u>60</u>	<u>87</u>	<u>27</u>
TOTAL REVENUES	<u>6,660</u>	<u>6,317</u>	<u>(343)</u>
EXPENDITURES:			
Weed spraying	<u>5,500</u>	<u>2,920</u>	<u>2,580</u>
TOTAL EXPENDITURES	<u>5,500</u>	<u>2,920</u>	<u>2,580</u>
	<u>1,160</u>	<u>3,397</u>	<u>2,237</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	1,000	1,000	-
Transfer to other fund	<u>-</u>	<u>(1,500)</u>	<u>(1,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>(500)</u>	<u>(1,500)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,160	2,897	737
FUND BALANCE - APRIL 1, 2006	<u>4,001</u>	<u>4,001</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$6,161</u>	<u>\$6,898</u>	<u>\$ 737</u>

DALTON TOWNSHIP
Combining Balance Sheet
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
March 31, 2007

	<u>Central Fire Station</u>	<u>Page Road</u>	<u>Dalson Road</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	\$ 76
Special assessments receivable	<u>-</u>	<u>-</u>	<u>1,292</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,368</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	-	646
Fund balance	<u>-</u>	<u>-</u>	<u>722</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,368</u>

<u>Strand Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
\$21,655	\$ 4,005	\$25,736
<u>37,262</u>	<u>31,592</u>	<u>70,146</u>
<u>\$58,917</u>	<u>\$35,597</u>	<u>\$95,882</u>

\$ -	\$ 3,887	\$ 3,887
25,422	24,640	50,708
<u>33,495</u>	<u>7,070</u>	<u>41,287</u>
<u>\$58,917</u>	<u>\$35,597</u>	<u>\$95,882</u>

DALTON TOWNSHIP
Combining Statement of Revenues and Expenditures and Changes in Fund Balance
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
For the Year Ended March 31, 2007

	<u>Central Fire Station</u>	<u>Page Road</u>	<u>Dalson Road</u>
REVENUES:			
Interest earned	\$ -	\$ -	\$ -
Interest on special assessments	-	-	155
Special assessments levied	-	-	646
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>801</u>
EXPENDITURES:			
Debt service -			
Principal	-	445	1,292
Interest and fiscal charges	<u>-</u>	<u>35</u>	<u>362</u>
TOTAL EXPENDITURES	<u>-</u>	<u>480</u>	<u>1,654</u>
	-	(480)	(853)
OTHER FINANCING USES:			
Transfer to other fund	<u>(97)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97)	(480)	(853)
FUND BALANCE - APRIL 1, 2006	<u>97</u>	<u>480</u>	<u>1,575</u>
FUND BALANCE - MARCH 31, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722</u>

<u>Strand Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
\$ 1,313	\$ -	\$ 1,313
3,171	1,892	5,218
9,543	6,160	16,349
<u>-</u>	<u>58</u>	<u>58</u>
<u>14,027</u>	<u>8,110</u>	<u>22,938</u>
15,000	13,288	30,025
<u>4,867</u>	<u>1,898</u>	<u>7,162</u>
<u>19,867</u>	<u>15,186</u>	<u>37,187</u>
(5,840)	(7,076)	(14,249)
<u>-</u>	<u>-</u>	<u>(97)</u>
(5,840)	(7,076)	(14,346)
<u>39,335</u>	<u>14,146</u>	<u>55,633</u>
<u>\$33,495</u>	<u>\$ 7,070</u>	<u>\$41,287</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - CENTRAL FIRE STATION
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING (USES):			
Transfer to other fund	<u>-</u>	<u>(97)</u>	<u>(97)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	-	(97)	(97)
FUND BALANCE - APRIL 1, 2006	<u>97</u>	<u>97</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u><u>\$97</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - PAGE ROAD
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Debt service -			
Principal	-	445	(445)
Interest	<u>-</u>	<u>35</u>	<u>(35)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>480</u>	<u>(480)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(480)	(480)
FUND BALANCE - APRIL 1, 2006	<u>480</u>	<u>480</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$480</u>	<u>\$ -</u>	<u>\$(480)</u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - DALSON ROAD
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$ 1	\$ -	\$(1)
Interest on special assessments	125	155	30
Special assessments levied	<u>646</u>	<u>646</u>	<u>-</u>
TOTAL REVENUES	<u>772</u>	<u>801</u>	<u>29</u>
EXPENDITURES:			
Debt service -			
Principal	646	1,292	(646)
Interest	<u>125</u>	<u>362</u>	<u>(237)</u>
	<u>771</u>	<u>1,654</u>	<u>(883)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1	(853)	(854)
FUND BALANCE - APRIL 1, 2006	<u>1,575</u>	<u>1,575</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>1,576</u>	<u>\$ 722</u>	<u>\$(854)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - STRAND ROAD
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Interest earned	\$ 1,200	\$ 1,313	\$ 113
Interest on special assessments	530	3,171	2,641
Special assessments levied	<u>8,665</u>	<u>9,543</u>	<u>878</u>
TOTAL REVENUES	<u>10,395</u>	<u>14,027</u>	<u>3,632</u>
EXPENDITURES:			
Debt service -			
Principal	8,665	15,000	(6,335)
Interest	<u>1,200</u>	<u>4,867</u>	<u>(3,667)</u>
TOTAL EXPENDITURES	<u>9,865</u>	<u>19,867</u>	<u>(10,002)</u>
EXCESS OF REVENUES OVER EXPENDITURES	530	(5,840)	(6,370)
FUND BALANCE - APRIL 1, 2006	<u>39,335</u>	<u>39,335</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$39,865</u>	<u>\$33,495</u>	<u>\$(6,370)</u>

DALTON TOWNSHIP
Statement of Revenues and Expenditures and Changes in Fund Balance -
Budget and Actual
DEBT SERVICE FUND - WILLIAMSON SEWER
For the Year Ended March 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest on special assessments	\$ 1,856	\$ 1,892	\$ 36
Special assessments levied	6,160	6,160	-
Miscellaneous	<u>-</u>	<u>58</u>	<u>58</u>
TOTAL REVENUES	<u>8,016</u>	<u>8,110</u>	<u>94</u>
EXPENDITURES:			
Debt service -			
Principal	8,000	13,288	(5,288)
Interest	<u>-</u>	<u>1,898</u>	<u>(1,898)</u>
TOTAL EXPENDITURES	<u>8,000</u>	<u>15,186</u>	<u>(7,186)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16	(7,076)	(7,092)
FUND BALANCE - APRIL 1, 2006	<u>14,146</u>	<u>14,146</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2007	<u>\$14,162</u>	<u>\$ 7,070</u>	<u>\$(7,092)</u>

DALTON TOWNSHIP
Combining Balance Sheet
AGENCY FUNDS
March 31, 2007

	<u>Agency Funds</u>				
	<u>Water Trust</u>	<u>Sewer Trust</u>	<u>Trust Fund</u>	<u>Tax Collection</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash	\$-	\$-	\$7,131	\$7,149	\$14,280
Due from other funds	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>400</u>
	<u>\$-</u>	<u>\$-</u>	<u>\$7,531</u>	<u>\$7,149</u>	<u>\$14,680</u>
 <u>LIABILITIES</u>					
Accounts payable	\$-	\$-	\$1,500	\$ 261	\$ 1,761
Due to other funds	-	-	5,396	6,888	12,284
Due to other governments	<u>-</u>	<u>-</u>	<u>635</u>	<u>-</u>	<u>635</u>
	<u>\$-</u>	<u>\$-</u>	<u>\$7,531</u>	<u>\$7,149</u>	<u>\$14,680</u>

DALTON TOWNSHIP
Combining Statement of Changes in Assets and Liabilities
AGENCY FUNDS
For the Year Ended March 31, 2007

	Balance <u>April 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2007</u>
<u>ASSETS</u>				
Cash -				
Tax Collection	\$ 4,759	\$6,710,795	\$6,708,405	\$ 7,149
Sewer - Trust and Agency	4,050	9	4,059	-
Water - Trust and Agency	46	-	46	-
Trust and Agency	17,965	26,142	36,976	7,131
Due from other funds	<u>428</u>	<u>-</u>	<u>28</u>	<u>400</u>
	<u>\$27,248</u>	<u>\$6,736,946</u>	<u>\$6,749,514</u>	<u>\$14,680</u>
 <u>LIABILITIES</u>				
Accounts payable	\$ 1,600	\$ 31,482	\$ 31,321	\$ 1,761
Due to other funds	9,891	686,393	684,000	12,284
Due to other governments	<u>15,757</u>	<u>6,019,071</u>	<u>6,034,193</u>	<u>635</u>
	<u>\$27,248</u>	<u>\$6,736,946</u>	<u>\$6,749,514</u>	<u>\$14,680</u>

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

The Honorable Supervisor and Members
of the Township Board
Township of Dalton
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dalton Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, I considered Dalton Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, I do not express an opinion on the effectiveness of the Township's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, I identified certain deficiencies in internal control that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

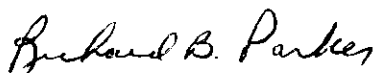
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. I believe that the following deficiency constitutes a material weakness:

- Material misstatements were identified in the financial statements for the fiscal year ended March 31, 2007 that were not identified by the Township's internal control and adjusting entries were required to ensure the financial statement presentation was in conformity with U.S. generally accepted accounting principles.
- The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

In addition, I noted other matters involving internal control and its operation that I have reported to the management of Dalton Township in a separate letter.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

This communication is intended solely for the information and use of management, the Township Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Richard B. Parker, CPA, PC
Holton, Michigan

September 28, 2007

RICHARD B. PARKER, CPA, PC
CERTIFIED PUBLIC ACCOUNTANT
2264 EAST MEINERT
HOLTON, MICHIGAN 49425
231/893-3178

Honorable Supervisor and Members
of the Township Board
Township of Dalton
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the Township of Dalton, Muskegon County, Michigan, for the year ended March 31, 2007, I considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the internal control and its operation that, in my judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters noted are only those that came to my attention and, had my procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

PRIOR YEAR COMMENTS AND RESOLUTION:

1. With the information available to me, I could not determine if the Township had confirmed the Strand Road Special Assessment Roll. Resolution #5 concerning this special assessment was approved November 6, 2000, however, a copy of Resolution #5 could not be found.

The Township should determine if the Strand Road Special Assessment has been confirmed. It should then determine the correct amount to be confirmed, because at November 6, 2000 it was thought the resident's share would be approximately \$174,000. However, when the project was completed it was determined the special assessment roll was approximately \$106,000. Any necessary corrections should be made.

RESOLUTION - None.

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

2. The Township Ordinance regarding medical insurance coverage and pension for "retired" Township officials and employees does not define "medical insurance coverage" or "retiree". In the past it was used to pay medical insurance premiums. However, it is now being used to cover dental and vision insurance premiums.

The Township should determine, and define, what it considers "medical insurance coverage" and "retiree".

RESOLUTION - The township has revised this ordinance. The revised version provided to me appears to be clear as to the definition of medical insurance, however it does not appear to be clear as to the definition of a "retiree".

3. The Township did not confirm the Williamson Road Sewer Special Assessment roll.

The township should request a legal opinion concerning the propriety of the Williamson Road Sewer Special Assessment roll.

RESOLUTION - None

4. During the audit of March 31, 2003 it was noted that the township paid approximately \$2,800 for private road maintenance.

The township should not pay to maintain private roads because they are not township property.

RESOLUTION - None. During the current fiscal year the Township paid additional amounts for private road maintenance. The township should obtain a legal opinion concerning the maintenance of private roads.

5. During the year ended March 31, 2004 several duplicate payments were noted. This occurred because one payment was made from an invoice and the other was made from a statement. Most overpayments were subsequently credited to the Township, however, it could not be determined if one vendor did credit the overpayment to the township's account.

Only original invoices should be paid. Payments should not be authorized from statements or, except in rare instances, copies of invoices. Invoices should also be examined for a previous, unpaid balance.

RESOLUTION - No duplicate payments were observed during the current year.

6. The Township has not distributed trailer park fees and delinquent personal property taxes collected in a timely manner to other various units of local government.

The Township should distribute trailer park fees and delinquent personal property taxes as they are collected.

RESOLUTION - Trailer park fees and delinquent personal property taxes are being paid however, this matter is not completely resolved and more work is required on this matter.

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

7. At March 31, 2004 the imprest payroll bank account has a balance of approximately \$11,000 (\$9,600 at March 31, 2005 and \$3,300 at March 31, 2006). This bank account should have a small balance which is consistently maintained (only enough to keep the bank account open).

This large balance is created by withholding various items from employees pay checks, such as fire uniforms and cell phones, and not distributing those items withheld to the proper fund that actually paid for the fire uniform, cell phones, etc.

The Township should determine the required distribution of this excess balance and distribute the money accordingly.

RESOLUTION - This matter was resolved by distributing the balance in the account to the Fire Operating Fund to pay for various items withheld from employees. The balance distributed left enough in the bank account to keep the bank account open.

8. It was noted that third party billing in the Fire Operating Fund was significantly lower in the fiscal year ended March 31, 2005 than provided in the budget and also when compared to the two previous fiscal years.

The Township Board should request an explanation for this decrease.

RESOLUTION - None.

9. The Williamson Road sewer system has been in operation for approximately two years. The sewer service has not been billed to the residents.

The Township should commence billing the residents for sewer service immediately. Further, the residents should be retroactively billed for all unpaid sewer service since inception.

RESOLUTION - The Township commenced billing the residents for sewer service, however, not retroactively.

If the residents are not going to be billed retroactively to the time their service began it should be approved by the Board and documented in the minutes.

The Township Board approved, and documented in the minutes, to not bill retroactively.

10. During a review of the Township Board minutes for the fiscal year ended March 31, 2006 it was noted that a specific amount of money would be received for a specified activity. The money was not received and, upon inquiry, it was disclosed that this money will not be received.

When the minutes indicate a receipt of money will occur and it is later determined that it will not be received it should be documented in the minutes that the money will not be received.

RESOLUTION- No such matters were recorded in the minutes during the current fiscal year.

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

11. The Township board approved amendment of budgeted expenditures for the fiscal year ended March 31, 2006 at its Board meeting on March 31, 2006.

The Uniform Budgeting and Accounting Act, requires that budgeted expenditures not be exceeded. If it is determined that a budgeted expenditure will be exceeded, it is required that the budget be amended prior to incurring the expenditure. By amending your budget on March 31, 2006 to cover over expenditures it is clear that the Township is not in compliance with the Act.

The Township should develop budgetary control procedures for the budgetary funds which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof.

RESOLUTION- The Township board approved amendment of budgeted expenditures for the fiscal year ended March 31, 2007 at its Board meeting on February 12, 2007.

The budget should be amended prior to exceeding the budgeted expenditures.

12. At March 31, 2006, the General Fund's general ledger account for cash in the payroll bank account required a negative adjustment of approximately \$14,000 to agree with the bank reconciliation.

The activity in the payroll bank account should be reconciled to the general ledger activity each month. Any variances should be corrected immediately.

The Township Board should request an explanation for this adjustment.

RESOLUTION- None. The Township Board did not request an explanation as to why this adjustment was necessary.

13. Several of the above comments have been noted in the past without resolution.

The Township Board should take the necessary steps to resolve each comment.

CURRENT YEAR COMMENTS:

1. During the current year the General Fund and the Fire Operating Fund, by virtue of cost sharing, overpaid an invoice for insurance premium by approximately \$1,100.00.

Subsequent to March 31, 2007, the Township has requested a refund of the over payment from the insurance company.

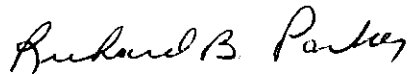
The Township should more carefully review its expenditures so as to avoid an incident of overpayment in the future.

CURRENT YEAR COMMENTS (CONTINUED):

2. During the current year the North Lake Weed Fund paid the General Fund \$1,500.00 as repayment of a loan. However, the General Fund did not show such amount due from the North Lake Weed Fund, indicating that a loan had not been made from the General Fund or that a loan was made but not properly accounted for.

If the Township does make such a loan, it should be properly accounted for in both funds involved.

This report is intended solely for the information and use of the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.



Richard B. Parker, CPA, PC
Holton, Michigan

September 28, 2007